

# MEMO

TO: All City Employees

FROM: Renee LoConte, Benefits Manager, Human Resources

DATE: November 4, 2015

RE: 2015 Flexible Reimbursement Account Plan Enrollment Material

The City of Stamford, in conformance with various collective bargaining agreements, offers you the opportunity to participate in a benefit option called a Flexible Reimbursement Account Plan.

**The Reimbursement Account Plan includes a:**

- Medical Reimbursement Account, and a
- Dependent Care Reimbursement Account

**How The Reimbursement Accounts Work**

A Reimbursement Account allows you to set aside pre-tax dollars in a special account to reimburse yourself for certain health and dependent care expenses. You can set aside up to \$2,550 for the health care account and up to \$5,000 for the dependent care account. Once you decide how much you want to set aside, deductions are taken equally from your paycheck each pay period before income, Social Security (if applicable) and Medicare taxes are taken out.

When you incur an eligible expense, you pay it – just as you do now – and then apply for reimbursement from the appropriate Reimbursement Account.

You can choose to participate in only one of the Reimbursement Accounts, or both.

Reimbursements will be paid to you directly. The result is that you pay for eligible medical and dependent care expenses with tax-free dollars ... and tax-free dollars mean increased buying power. Every dollar you direct to the Reimbursement Account is worth a full dollar of spendable income.

## Eligible Expenses

Through a Medical Reimbursement Account you can reimburse yourself for eligible expenses that are not paid by your medical and dental plans, including:

- Dental Care
- Orthodontia
- Eyeglasses/Contact Lenses
- Hearing Care
- Benefit Deductibles
- Other Eligible Medical Expenses
- Some Over the Counter Medication

Through a Dependent Care Reimbursement Account you can reimburse yourself for payments for the following, when the expenses enable you and, if you are married, your spouse to work:

- Legally approved child care centers
- Caregivers for a disabled dependent or spouse who lives with you
- Day care providers
- Babysitters
- Nursery schools
- Household services, provided that these expense are incurred to ensure the well being of a qualifying dependent.

## OF COURSE THERE'S FINE PRINT

As you might expect, in exchange for the significant tax advantages you gain from participating in Reimbursement Accounts, the IRS imposes certain restrictions:

- Once you make your election for the year, you may not increase, decrease, or cancel contributions for that year unless you experience a qualified change in family or employment status.
- You may not transfer funds from one account to another to cover unanticipated expenses.
- IF THERE ARE FUNDS REMAINING IN YOUR REIMBURSEMENT ACCOUNTS AT YEAR END, AND YOU DO NOT MAKE A CLAIM FOR A QUALIFYING REIMBURSEMENT ON OR BEFORE MARCH 31<sup>st</sup> OF THE NEXT YEAR, THE MONEY IN YOUR ACCOUNT IS FORFEITED IN ACCORDANCE WITH FEDERAL TAX LAWS.
- Only expenses INCURRED during the calendar year are eligible for reimbursement, even if those expenses were billed at a later time.

**To participate in the program for the Year 2015, you must submit the completed Flexible Reimbursement Account Enrollment Form to us by December 15, 2014.** The enrollment form is located on the City's Intranet website: <http://www.stamfordct.gov/human-resources/pages/forms>

If you have any questions about this program feel free to give me a call at x4038 or Angie Murphy at x4070, #4.